

# for **YOUTH** by **YOUTH**

A Newsletter  
of the SYAB  
for Youth in Care  
in the State of Illinois

*Advocating for Youth In Care in Illinois*

September • 2007

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The regional and state-wide youth advisory boards partner with the Illinois Department of Children and Family Services (IDCFS) to provide advocacy and education for youth in care.

We provide information about resources, opportunities and policies that affect all youth. We are committed to empowerment, leadership and achievement across the State.

Our voices  
will be heard.



*Infinite Possibilities*

SPECIAL EDITION

## Valuing and Protecting Your Credit



Make use of your  
**THINKING CUP** to brain storm  
your way to financial health  
with this issue of *For Youth By Youth*



# IT'S YOUR CREDIT—VALUE IT!

## WE SPLURGE - BUT THAT LITTLE CARD IS NOT MAGIC

by Ashley C. P.



Yo girl wants a cell phone but can't get one. You all agree to get a phone together and split the bill. You put it on your credit. Yo girl burn up most of the minutes and she refuses to pay her half of the bill.

As teenagers and young adults in today's society, one of the most important things in our world is image. We have to look good at all times which means rocking the latest gear, having the freshest hair styles, and the most expensive gym shoes. Image becomes our number one priority and almost every dime we work for or not is applied to this cause. So it is no wonder, once we turn 18 and are offered the magic card with a limit ranging from \$200 to \$10,000 we splurge! But, that little card is far from magical. It won't refill itself and it won't pay for itself. Credit cards are real and so is the damage they can do to your credit, and furthermore, your future.

With a high enough credit score, you don't need money to make purchases such as cell phones, land phones and even automobiles. You can actually drive a car or SUV or truck off a car lot with no money down. But a lot of young adults are killing their credit at an early age and are being forced into bankruptcy. Many don't realize the importance of credit and the long-term effects of having good or bad credit. If you're going to have a credit card at such a young age, do your research. Find a credit card that fits your budget and one you can afford, which means being able to pay it on time. Just as not paying at least your minimum balance affects your credit score in a negative way, so does paying your balance late. Credit cards come with interest, and a lot of tricky language the average person might not understand, so get all the facts before you commit to such a large responsibility. My suggestion: say no to credit cards until you are financially able to handle such a responsibility.

Just as good credit is important, having no established credit can be a problem. Some companies consider no credit, bad credit. In order to establish credit, you can open a bank account and obtain a debit card. This will not only help you build a credit history, it will also give you practice at managing your money. Also, you can get a contract cell phone, but be careful! Early cancellation and late payments can cause points to be taken away from your credit score. Whether you decide to open a bank account, get a credit card, or not have any credit at all, know that your credit is important. Even though you may not see it now, your credit is one of those things you will all look back on in the future and either say, "boy, I'm sure am glad I protected my credit" or "I should have listened." The choice is yours, and so is the credit score.



For Youth By Youth is the newsletter of the Statewide Youth Advisory Board (SYAB) for youth in care in the State of Illinois. The newsletter is a project of the SYAB Newsletter Committee working in partnership with the Institute for Positive Living's Open Book Program. The purpose of this newsletter is to communicate important information to youth in care.

For information on For Youth By Youth, contact the Open Book Program, 435 E. 35th St., Chicago, IL 60616 (773-924-9802). Articles, photos and other contributions may be sent to Yvonne Jeffries c/o The Open Book Program or via email to [jyma@sbcglobal.net](mailto:jyma@sbcglobal.net).

**SYAB Officers:** President: Ashley P.; Vice President: Karina L.; Secretary: Amy J.; Sergeant at Arms: Larry A.; Historian: Jahlisa G.

**Open Book Staff:** Marrice Coverson, Yvonne Jeffries, Janis Kearney, Mary Montgomery.

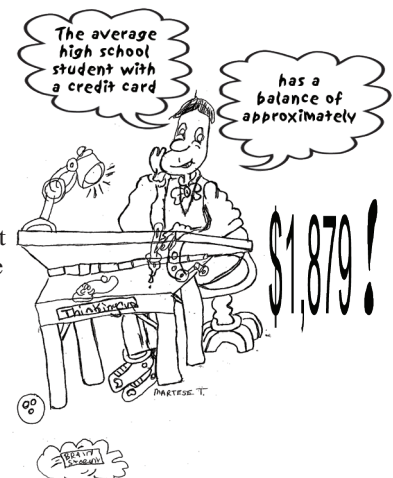
**Supported by:** IDCFS and Chicago Area Project Staff.

**Newsletter Contributors:** Ashley C. P., Martese T.

## Meet Martese T. Our Cover Artist

Martese started drawing when his Mother died. He was 13 years old. Martese says "drawing helps me to release my emotions. It helps me handle things that are bothering me and helps me re-focus." His favorite things to draw are cartoons, faces and "anything that is not real."

When ask what his drawing, the "Thinking Cup" means, Martese said "it represents holding the image in your mind when you think about something."



# ***IT'S YOUR CREDIT—PROTECT IT!***

## **Drowning In Debt**



# **THE STORIES**

### **Scarred Up Credit**

My name is Jarrod. I am trying to straighten out my credit. It was messed up first by a family member then by me.

A member of my family used my social security number to rent an apartment and obtain other credit and didn't pay any of the bills. This left a big scar on my credit report before I was old enough to vote.

I got my first credit card when I was eighteen. I maxed it out real quick but I was making the minimum payments until I lost my job. When I got another job, I paid on the card but by then I had some more scars on my credit report for paying late. I got another credit card, maxed it out, paid it off, maxed it out again, got laid off again, and couldn't pay my bills. I had to file bankruptcy.

By the time I bought a car, my credit report was covered with scars. The car salesman went over the contract with me, told me how much I owed after the interest was added. But at the time, I wasn't concerned about the extremely high interest rate the car dealership was charging me. All I wanted to do was drive that sage green Mercury Cougar off that lot. And that's what I did.

For the first 12 months that I had the car, I made my payment of \$300.00 a month. That comes to \$3,600.00 a year. But when I looked at my statement, 13 months later, I still owed a balance of \$9,800 on a car that cost \$10,000 before the interest was added. When I realized it could take me ten years or more to pay for a car that I should be able to pay for in three or four years, I felt trapped. Then I got discouraged and decided to let the car go back. That decision got me some more scars on my already scarred up credit report and I'm just 25 years old.

### **Eight Credit Cards**

My name is Keshia. In my second year of college, I was offered more student loan money than I needed. I took it. I also was offered credit cards. I applied for eight—a gas card, department store cards and a major credit card. Each had a credit limit of \$1,000.

I left school during my junior year carrying all my belongings and over \$8,000 in maxed out credit cards. I intended to pay my bills but I couldn't find a job. When my creditors called, they never failed to remind me I was too young to take a chance on ruining my credit but the threatening letters and nasty phone calls told me they thought I was old enough for the harassment. I finally stopped answering my phone. I was almost 22 years old.

### **Oklahoma Blues**

I am not saying my name but my story is I went to college in Oklahoma against the recommendations of my case manager. I got into debt while I was there and couldn't support myself. I came back to Chicago. I am a determined young lady so I figured I'd get a job and go to school. But the college in Oklahoma would not release my transcripts because I owed money for classes not covered by financial aid. Things didn't work out for me like I planned. I ended up homeless. I was 20 years old.

### **Working on Bad Credit**

My name is Albert. I started working on having bad credit when I was a junior in college. It took me less than a year to get it.

Representatives came to my school and talked to students, especially juniors about applying for their company's credit card as a way of establishing credit. I got two cards, both with \$5000 limits. I bought things I probably wouldn't have bought if I hadn't had those credit cards. For graduation, I bought suits for my boys and me. That's just the way it was at the time. If you had and your boys didn't, you hooked em up. I charged until they told me I couldn't. I completed college way over \$10,000 in debt when you add all the interests and late fees.

The first time I was confronted with the mess I'd made of my credit when my son was born and I didn't have the cash or credit to pay for my son's birth. I filed bankruptcy and that gave me a chance to rebuild my credit. I got more credit and paid my bills every month along with late fees. I didn't learn what it means to value and protect your credit until I start dating the woman who is now my wife. She said if we were going to hang, I had to get my credit together. I said, "you've got good credit." She said, "And you need good credit." A few months later, I noticed I had \$300.00 in my checking account after all my bills were paid and realized it was also how much I'd been spending on late fees every month. I was 30 years old.

# IT'S YOUR CREDIT—THE BASICS!

## Credit Worthy or Credit Risk?

*Do you handle your money like a rock star plays his guitar? Or do you handel your money like a pitcher who fumbles the ball?*

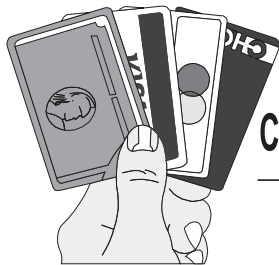


**I'm a Rock Star  
because I**

Pay on time  
Charge only when necessary  
Have two credit cards  
Spend what I can afford  
Double my monthly payment  
Pay so I can pay my card off  
Take my cards with  
me only when I need them

**I fumble the ball  
because I**

Pay one day late  
Charge because I can  
Have five credit cards  
Owe on each card and  
pay the minimum balance  
Pay so I can use them again  
I keep my cards in my wallet



**Credit Card  
Companies are  
ON IT!**

### They:

- Make money off you by making minimum payments low so you will take a long time to pay off your credit card.
- Charge \$20.00 or more for going over your credit limit
- Charge \$25 or more for a late payment
- May increase your interest if you are late paying your bill
- May increase your interest rate if you are late paying any of your other bills such as your cell phone, car, your rent
- Report you to the credit bureaus when you miss payments or have two late payments

## Credit Card Vocabulary

**Annual Fee:** The amount of money the lender is charging you for having its credit card. You pay this fee even if you don't use the card.

**Annual percentage rate (APR):** How much interest you will pay each year for what you buy with your credit card.

**Balance:** The amount of money you owe on your credit card. Your balance will include late fees, over-your-credit-limit fees, interest, annual fee and anything else the credit card company can think to add.

**Cash Advance:** You use your credit card to get cash either by writing a check or using your ATM card.

**Cash Advance Fee:** The money the credit card company will charge you for getting a cash advance.

**Credit limit:** The amount of money the credit card company is willing to loan you.

**Finance charge:** The amount of money it cost you each month to use the charge.

**Interest:** Percentage of money credit card companies charge you for using their credit cards. If you have a high credit score, you pay a low interest rate. If you have a low credit score, you pay a high interest rate.

**Late charge:** The fee the credit card company adds to your balance when it doesn't receive your payment by the due date. Some companies charge as much as \$40.00.

**Over-the-limit fee:** This is the amount credit card companies charge when you go over your credit limit. If your limit is \$300 and you over spend by \$1.00, you will have to pay the over-limit-fee. Some credit card companies charge \$35.00.

**Principal:** The amount of money on the price tag. If you buy a camera for \$59.95, that is the principal. If your statement says you owe \$69.00, that mean you are paying \$9.05 in interest.



# IT'S YOUR CREDIT—THE BASICS!

## You and Your Credit Score

A Credit Score is the number that is used to determine how credit worthy a person is? Credit scores range from 850 down to 300. Most people score between 600 and 800. The average score is 675.

### What goes into making up my credit score?

- How you pay your bills is 35% of your score.
- The amount of money you own and the amount of available credit you have is 30% of your score.
- Length of credit history is 15% of your score.
- How many different types of credit you have is 10% of your score.
- How many new credit applications you have made is 10% of your score.
- Your spending patterns – what you buy and how quickly you use up your credit limit and everything else in your credit report is also considered

### ✓ Your Credit Score

You want to be up on your credit so check it, but not too much, because it will lower your credit score. Here's some guidelines:

✓ one time a year!—It is FREE. From March 1, to March 31, people in Illinois can get one free credit report from each of the three credit bureaus. Your credit score, however, is not free. It was \$5.95, but check when you get your report.

1. Equifax: 1-877-576-5734; [www.equifax.com](http://www.equifax.com)
2. Experian: 1-888-397-3742; [www.experian.com/fraud](http://www.experian.com/fraud)
3. TransUnion: 1-800-680-7289; [www.transunion.com](http://www.transunion.com)
4. If you have a hearing impairment call 1-877-730-4104

**Word:** Checking your credit score too much can lower it. Since nobody will tell you what “too much” is, once a year is enough unless:

- you are going to apply for an apartment or buy a car in the next 6 months.
- you think somebody stole your identity.

**Don't get played:** There are many websites that offer one free credit report but you'll pay other charges. AnnualCredit.com is the only authorized website.

### Are You Passing Credit?

A. Excellent credit	720 plus
B. Good Credit	700
C. Fair Credit	625
D. Sub prime	575
F. Bad Credit	525 minus
No Credit	NA

### When does my credit score get checked?

**Every time you apply for credit and that includes:**

- A credit card
- Renting an apartment
- Getting your gas and lights turned on.
- Wanting a land or cell telephone.
- Requesting an increase in your credit limit.
- Wanting a loan, a car, a computer, or some other big ticket item.

**Word:** Your credit score could also be checked when applying for some jobs, especially if you're going to handle money.

### 6 thing you don't want to SEE on your credit report are also 6 reasons why you need to protect your credit.

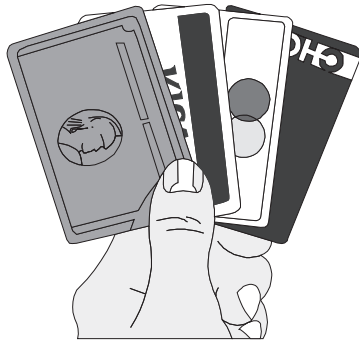
1. **Charge-offs.** You miss 6 payments. Your credit report will say “debt was not collectible. This will stay on your report for at least 7 years.
2. **Collections.** Your creditor turns your bill over to a collection agency that tries to collect by sending letters and calling you and people you know.
3. **Bankruptcies.** You go to court and tell the judge you want to be legally excused from paying your bills. The type of bankruptcy you ask for will be determined by whether you are excused from paying all or some of your bills. A bankruptcy will be on your credit report from 7 to 10 years.
4. **Foreclosures or repossessions.** You sign or co-sign a contract to buy a house or a car. You or the person you sign for do not make payments for three months. The creditor takes back the house or the car. It will stay on your credit report for 7 years.
5. **Liens.** A lien is a “hold” on your bank account or your house or car or other property. A lien is put on your property to keep you from selling it if you owe money for something you bought or owe income taxes. A lien stays on your credit report for 10 or 15 years.
6. **Lawsuits or judgments.** A creditor will sue you for a debt you haven't paid. If your creditor wins, the judge will tell you what you have to pay. A lawsuit or judgment stays on your credit report for 7 years even after you pay your debt.

**As bad as these are, your credit will improve if nothing negative shows up on your credit report at least 12 months.**



# IT'S YOUR CREDIT—THE BASICS!

## CARDS



### Cards

Is the game high or low?

What should you keep and what should you show?

How do you know  
when to throw down the Queen  
or keep her and play  
the King?

The cards you hold are only as good  
as you play them.

Cause what's on their face  
is not necessarily true.

that goes for

MasterCard, Visa and Discover  
too.

### Cards

Change the rules from game to game  
thinking you know them is what causes the  
shame.

So before you go to the table to play,  
prepare yourself so you can stay.

### Cards

Is the game high or low?

Maybe YES. Maybe NO.

Either way, you won't loose  
unless you become a card fool.



**Don't use a  
foreign ATM.  
A foreign ATM is any  
ATM that is not  
connected with  
the bank where  
you have your account.**

WHAT KIND OF CARD  
CAN YOU AFFORD  
TO CARRY  
IN YOUR



Types of Cards	The Price You Pay
<b>ATM Card</b> You get it from your bank so you can take money out of your checking and saving account.	You pay \$1.50 – \$3.00 if you get money from an ATM that is not your bank.
<b>Bank cards like Visa, MasterCard and Discover</b> You can use these cards almost anywhere and can buy something—up to your credit limit (generally \$250.00 and up). You can pay these cards off in 30 days with no interest.	You can pay at least 2 times more than the amount on the price tag if you make just the minimum payment.  There often is a yearly fee.
<b>Charge Cards like the traditional American Express card</b> You pay you statement in full every month.	Nothing.
<b>Debit Card or Check Card</b> You can use it anywhere MasterCard and Visa are accepted. The bank takes the money for what you buy out of your bank account.	Nothing.
<b>Store Card</b> You can only use it at the store that gave you the card: Wal-Mart Macy's, JC Penny, etc. You can buy up to your credit limit.	Same as bank cards.
<b>Secured Card</b> These are offered to people who have messed up credit. If the credit limit is \$500, you have to have \$500 in the bank at the time you apply. This is called collateral. If you don't pay on time, the card company can take the money out of your checking and/or saving account. They report to the three major credit bureaus every month. Therefore, you can repair your credit with these cards.	Same as bank cards.

# IT'S YOUR CREDIT—THE BASICS!

## CREDIT DOs AND Don'ts

Credit is a convenient financial tool. Understand how it works. The American Banking Association offers this list of tips. Check out their Get Smart about Credit webpage ([www.aba.com/Consumer+Connection/Credit.htm](http://www.aba.com/Consumer+Connection/Credit.htm)).

### DO...

1. Shop around. If you get a solicitation in the mail, on campus, on the Internet or at the local bank, compare rates and fees. The credit card industry is very competitive so interest rates, credit limits, grace periods, annual fees, terms and conditions vary.
2. Use the same name when you apply for credit. Don't leave out middle initials or "Jr."
3. Read the fine print on the credit application. The application is a contract, so read it thoroughly before signing. Watch for terms such as "introductory rate" and periods that expire.
4. Ask questions. You are the customer and the bank is providing a service. If you don't understand something, ask.
5. Set a budget and stick to it. Developing a budget will help you keep your finances in order.
6. Be wary of anyone who claims they can "fix" your credit. The only thing that can fix a credit report is time, and a positive payment history.
7. Open your bill and pay it on time every month. This helps protect you from identity theft and unauthorized charges.
8. Pay at least the minimum due. Paying above the minimum due is even better.
9. Contact your credit card issuer if you have trouble making payments. This issuer may work with you to create a payment plan you can manage.
10. Be careful with your credit card. Keep it secure. Always have your bank's phone number available in case your card is lost or stolen.
11. View credit as an investment in your future. By using credit wisely, you can build a good credit history. This allows you to rent an apartment, get a job, purchase a car and buy a home.
12. Order a copy of your credit report annually. Your credit report is like an academic report card -- it evaluates your performance as a credit customer. It needs to be accurate so you can apply for other loans such as a car or a condo.
13. Close out credit accounts you don't use.

### DON'T...

1. Feel pressure to get a credit card if you don't want one. A credit card may not be right for you. Don't be afraid to say "no" to salespeople. It's OK to walk away.
2. Open many credit accounts in a short period of time.
3. Pay your bills late. Late payments can hurt your credit rating.
4. Spend more than you can afford. A credit card is not magic money; it's a loan with an obligation to repay. Realize the difference between needs and wants. Do you really need that CD or pizza? If you charge these items and only pay the minimum, you could be paying for those items months from now.
5. Reach your credit limit or "max out" your cards.
6. Apply for more credit cards if you already have balances on others.
7. Ignore the warning signs of credit trouble. If you pay only the minimum balance, pay late or use cash-advances to pay daily living expenses, you might be in the "credit" danger zone.
8. Give out your credit card number unless you've initiated the transaction. Be alert to identity thieves and scam artists.

That's a...



You get a free phone with 1000 minutes. You go over your minutes and get a bill for \$300. You can't pay. Your phone is cut off.











# IT'S YOUR CREDIT—THE BASICS!

## How Much Does It REALLY Costing You?

If on January 1, 2007, you charged each one of the items below on a credit card with an interest rate of 20%.

You made a minimum payment every month, how many months would it take to make the payoff?

AND—how much will that item REALLY cost you?

On January 1st you buy a:	The price with tax is:	You make a minimum monthly payment of:	How many months will it take you to pay it off?	How much will it really cost you?	How much would you save by paying it off NOW
 Two Hamburgers Deluxe for you & a friend	\$14	\$1	16 months	\$16	\$2
 CD	\$18	\$1	22 months	\$22	\$4
 Sports Cap	\$25	\$1	33 months	\$33	\$8
 Wallet	\$35	\$1	53 months	\$53	\$18
 Cologne	\$40	\$1	67 months	\$67	\$26
 Watch	\$50	\$1	109 months	\$109	\$58
 Concert Tickets	\$60	\$2	42 months	\$84	\$24
 Sunglasses	\$100	\$2	109 months	\$217	\$117
 Gym Shoes	\$150	\$3	109 months	\$315	\$175
 iphone	\$500	\$9	158 months	\$1417	\$917

*Note: This chart is based on the “What will it take to pay off my balance?” calculator at [www.Kiplinger.com](http://www.Kiplinger.com). Click on “Tools & Calculators” and go to “Credit”*



# IT'S YOUR CREDIT—THE BASICS!

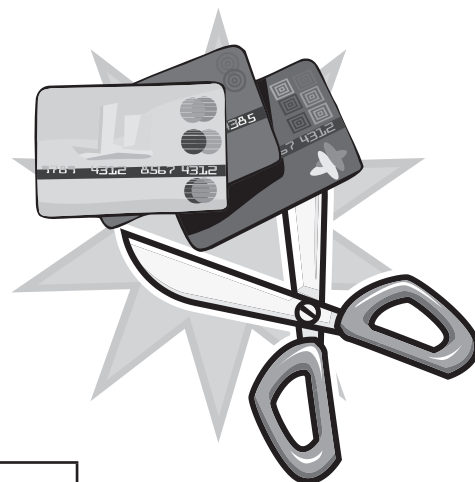
## Making the Payoff

I don't want to charge anything else so I cut the card up. I had no idea I could end up paying so much for a \$6.00 hamburger. I want to pay this bill off.

### Here Are your Options

Credit Card Balance                      \$2169  
Annual Interest Rate:                      15%

Monthly Payment	Length of Loan	Interest Paid	Total Amount Paid
\$30	188 months	\$3484	\$5653
\$50	63 months	\$976	\$3145
\$100	25 months	\$377	\$2546
\$200	12 months	\$176	\$2345



*Note: The charts in this section are based on Citi's Financial Education Curriculum (<http://financialeducation.citigroup.com/citigroup/financialeducation/curriculum/>). Click on Calculators/"The Cost of a Loan."*

### Amlak Writing Challenge—What is your position?

## Should High School Teens Have Credit Cards?

A 2005 poll of teenagers who participated in the Junior Achievement program found that more than 11 percent carried credit cards. Some of those teens were as young as 13 or 14 years old. The poll also showed that 18 percent of the teens carried over their balances instead of paying their bills in full every month. Some of them were deeply in debt.

Financial experts are concerned even though permission for these cards must be co-signed by parents or guardians until a child is 18 or older. Some experts think that 13 to 14 years old is too young to get a credit card. Others say that teens can learn to handle credit card accounts responsibly.

What do you think?

**To meet the challenge:** Write a position paper (no more than 500 words) that give your opinion on this topic.

**Resources that can help your research:** See the "✓ it out—Resources" on page 15 of this newsletter.

**Deadline:** Submission must be typed and received by October 15, 2007.

Send your submission to:

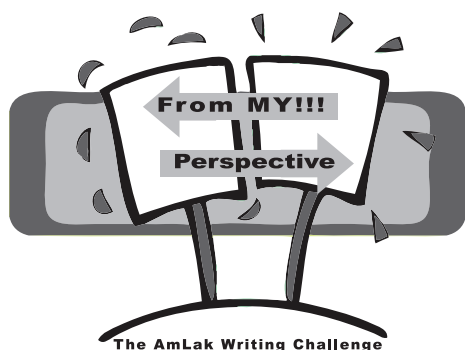
**e-mail:** [jyma@sbcglobal.net](mailto:jyma@sbcglobal.net)

**Fax:** 773-288-0128

**Mail:** Open Book Program, 2nd Floor  
435 East 35th Street, Chicago, Illinois 60616

**Attention:** Yvonne Jeffries

Two position papers will be selected for publication in a future newsletter. In addition, writers will receive **\$25.00** and a signed certificate. With DCFS approval, their pictures will be in the newsletter too.



The Amlak Writing Challenge

# IT'S YOUR CREDIT—THE BASICS!



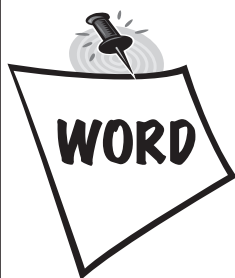
## 4 things you can do to make it right

1. Order your credit report from the three recognized credit bureaus: Equifax, Experian and TransUnion Corp.
2. Examine your report carefully. Look at everything on each of them. This includes dates of each purchase, the amount of each purchase and what was purchased. It is not unusual for credit reports to have errors on them. Also make sure any credit accounts that are closed by you are stamped "closed by consumer."
3. Credit care companies will supply you with Dispute Forms or you can write a letter about:
  - Any errors on your credit report
  - Identity theft
  - Charges made by adults when you were under age. This may also be classified as identity theft
4. If you have bad debts on your credit reports, you can:
  - Call or write a letter to each creditor
  - Work out an agreement and keep your word

That's a...



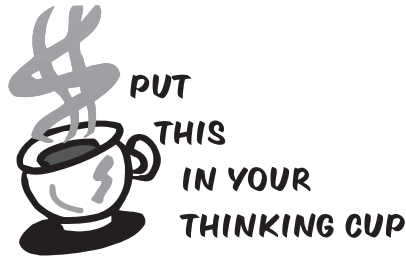
You buy a 1999 Cutlass for a couple thousand dollars. You fix it up with nice rims and sound system. Five months later your transmission blows. You use your car payment to buy a transmission from a friend of a friend. He fixed your car for free. The car stopped a few weeks later. You didn't have the money to get it fixed and it didn't make sense to pay for \$257.00 a month on a car that you couldn't drive.



Any person or credit repair service that promises to clean up your credit and/or get you a new credit history is bogus. No one, attorney or credit repair service can remove information from your credit report that is accurate. And no one, I don't care how much money you pay, can get you a new credit history.

**Here's the Deal:** You can do a lot to repair your credit if you pay all of your bills on time and do not apply for any new credit cards for 12 months. If you need to get on a debt management plan, use a reputable firm like Consumer Credit Counseling Services (CCCS), a division of Money Management International (MMI): Go to [www.moneymanagement.org](http://www.moneymanagement.org) or call 1-866-889-9347.

# IT'S YOUR CREDIT—WORKBOOK!



## QUESTIONS YOU SHOULD ASK?

What would happen if you got your friend a cell phone and he doesn't have a job?

How is someone without a job supposed to pay you back?

You don't qualify for a regular credit card. A company offers you a secured credit card, backed by that \$500 you have in the bank. All you have to do is buy their insurance policy for \$55 per month. Is that good, bad, or ugly?

Someone calls you up and says they've got a deal you can't refuse. But they'll need your credit card or bank account numbers, or Social Security Number. What's your reply?

You need a loan and you see an ad that says your loan is guaranteed—just give them some cash up front. What kind of deal is this?

I just need enough cash to tide me over until payday. Should I get me one of those payday loans?

You're cleaning up your pad and want to get rid of some papers that have your credit card numbers and bank account number on them. Do you toss them in garbage or put them through a shredder?

You're trying to keep up, but you're only pay-

ing the minimum balances on your credit cards. And sometimes you're paying late or using those cash-advances to pay daily living expenses. Are you in the "credit" danger zone?

You love to shop and some bro tells you that you can earn a living as a secret or mystery shopper by dining at elegant restaurants, shopping at pricey stores, or checking into luxurious hotels. The only catch: You got to give him some money before you can get the job. How sweet is this deal—really?

You answer a mailing asking you to call a long distance number for a free trip or bargain-priced travel package. It sounds great, but you're told you must join a travel club first and they ask you your credit account number so you can be billed. Is this a trip to paradise or a trip to the poor house?

Your boyfriend needs some wheels, but he can't get them without a co-signer. Sweet thing—he wants you to sign on that dotted line. But he can't get the car loan in the first place because he's always late paying his bills. Do you pick up that pen or just smile and say, "No."

**Food for thought:** Check out the advice at the Federal Trade Commission's webpage, "For Consumers: Credit Cards & Consumer Loans" ([www.ftc.gov/bcp/online/edcams/credit/coninfo\\_loans.htm](http://www.ftc.gov/bcp/online/edcams/credit/coninfo_loans.htm))



If 100 people take their case before a TV Judge: Brown, Judy, Mathias, Mills Lane etc. and the Judge says, "Judgment for the defendant in the amount of \$2000.00," less than 10 of them will get all of their money. Most of them will get a penny. As old folks say, "You can't get blood out of a turnip." But all 100 of them will have their 15 minutes of fame.

# IT'S YOUR CREDIT—WORKBOOK!

## ARE YOU A SMART SPENDER?



Find out by taking this Young Spender's Quiz from the Institute for Financial Education (ICFE). For more tips on how to be financially smart, check out their website: [www.financial-education-icfe.org](http://www.financial-education-icfe.org).

Here are 20 statements about spending techniques. Look at the five possible responses and mark the number that is most like you next to each statement. Then add up your score and see what kind of spender you are—and how you can improve.

1. Totally like me
2. A lot like me
3. Equally like and unlike me
4. A little like me
5. Not like me at all

\_\_\_ Each time I receive any money, I usually put a small amount of cash aside as savings.

\_\_\_ Each time I receive any money, I usually deposit it into a checking or savings account.

\_\_\_ I keep track of the money I receive from all sources.

\_\_\_ I set aside a pre-determined portion of my money for regular weekly expenses.

\_\_\_ I set aside ten percent of the money I receive for savings.

\_\_\_ My money is managed (both spending & savings) according to a written spending-plan.

\_\_\_ My food and grocery spending is planned in advance and done with a list.

\_\_\_ I rarely make less than two trips a-week to the grocery or convenience store.

\_\_\_ Grocery and other coupons are utilized whenever possible.

\_\_\_ Comparison shopping for quality, value, price, etc. is something I do for practically every purchase, large or small.

\_\_\_ I do not have any credit cards with a balance owing.

\_\_\_ I do not have any loans with balance owing.

\_\_\_ I have comparison shopped for food and clothing in the last year.

\_\_\_ I don't dine out (breakfast, lunch or dinner) two times a-week.

\_\_\_ I have received an earnings statement from Social Security.  
I account for all my cash spending by collecting receipts.

\_\_\_ I balance checking/share draft accounts with each statement.

\_\_\_ I have looked into joining and/or am a member of a credit union.

\_\_\_ I am saving money towards my college education.

\_\_\_ I have given money/food to needy person in the last two weeks.

**TOTAL SCORE:** \_\_\_\_\_

### SCORING

**17-27** YOU ARE A SMART SPENDER! Time to teach others how to do it.

**28-42** Pretty Good. Concentrate on improving a few of the weaker areas and you'll be amazed at the difference overall.

**43-58** Average. An hour a-week focused on improving spending would equal an increase saving and give you more to invest.

**59-75** Lousy. Immediate changes required to avoid financial disaster - implement a spending-plan, get on a pay-as-you go basis as soon as possible.

# IT'S YOUR CREDIT—WORKBOOK!



## WHAT'S UP WITH ROBERT?

Robert puts \$458.00 in his checking account on June 1, 2007. During the month, he uses the ATM from a different bank 15 times to withdraw money from his checking account. The fee for each withdrawal is \$2.50. If Robert makes 15 withdrawals every month for one year, how much will he spend on ATM fees in 12 months?

What's your answer? \_\_\_\_\_

### ✓ **this:**

- Banks make over 2 billion dollars from charging people who use ATMs to withdraw money..

If an ATM fee is \$2.00, you will pay that amount if

- you withdraw \$5.00 or \$25.

The bank where you have your bank account does

- not charge a fee.

**And the answer is.....** **\$450.00**

## Payday Loans = Costly Cash

What about those ads on TV, radio and the Internet that are telling you to come and borrow \$100 or more – Fast?

**Beware!:** The Federal Trade Commission (FTC) warns that payday loans come at a very high price. An article at the FTC's website ([www.ftc.gov](http://www.ftc.gov)) warns that check cashers, finance companies and others are making small, short-term, high-rate loans that go by a variety of names: payday loans, cash advance loans, check advance loans, post-dated check loans or deferred deposit check loans.

**Here's how it works:** Say you want to borrow \$100. You write a personal check for \$115 (\$100 plus the \$15 fee) and give it to the cashier who agrees to hold it until your next payday. The cashier gives you \$100 in cash after you sign papers agreeing to pay back \$115.00.

On the 14th day, you can redeem your check by letting them cash your \$115 check or paying them \$115 in cash—or you can pay another \$15 fee to extend the loan for 14 more days. This is called rolling your loan over.

**Check this out:** If you roll your loan \$100 loan over three times, you will pay \$60.00 in interest. That's right! \$60.00 for borrowing \$100.00. That's a bad deal in any language.

Remember, under the Truth in Lending Act, the cost of payday loans—like other types of credit—must be disclosed. Among other information, you must receive, in writing, the finance charge (a dollar amount) and the annual percentage rate or APR (the cost of credit on a yearly basis).

**Our advice:** read the fine print and just say, "NO THANKS. I'LL TAKE A PASS ON THAT."

That's a...



You sign a contract to go to school to be a massage therapist. Something comes up so you stop going but you don't go to the school and sign the papers to officially withdraw. So you can expect an uncollected school loan on your credit report if you don't pay.

**TAKE  
A  
GUESS**



**100 people win the case they present on Court TV. How of them actually get their money?**

**Answer:**

*Only 8 of every 100 people who win a case on Court TV ever actually collect their money. Most of them won't get a penny.*



# IT'S YOUR CREDIT—WORKBOOK!



## How to Become a Millionaire—FOR REAL!!!

So you want to be a millionaire. You don't have to go the TV show to become one! It will take some financial planning and saving, but you can do it. You just need to plan ahead.

This chart will tell you how much you need to save each year to do it. The chart is based on Cti's Financial Education Curriculum <http://financialeducation.citigroup.com/citigroup/financialeducation/curriculum/>. Click on Calculators/"Save a Million Dollars."

### TO MAKE A \$ MILLION

To Reach \$1 Million in 30 years

Current Savings = \$0

Annual rate of return on your investment	You need to save this amount annually to meet your goals
10%	\$6,079
8%	\$8,827
6%	\$12,649

To Reach \$1 Million in 20 years

Current Savings = \$0

Annual rate of return on your investment	You need to save this amount annually to meet your goals
10%	\$17,460
8%	\$21,852
6%	\$27,185



Keep yo credit **2** yo self cuz yo peep,  
yo **G**, yo girl yo boy, yo Boo, yo baby  
daddy, yo famo, yo **OG**, yo Pops, yo  
auntee, yo uncle "**T**" can mess it up  
for you so, it's best not to:

**Don't**

- Let other people put electricity, gas or a telephone in your name.
- Get a cell phone in your name for someone else.
- Sign or co-sign for a car, a loan or an apartment.
- Let some use you social security number for free or for a few dollars.

## What's That Lifestyle Gonna Cost Ya?

OK. Imagine it. How do you want to live once you're on your own? What kind of car are you going to buy? Where are you going to live? Do you love to go to the movies or to the clubs every weekend?

Remember, it's your life, you can do whatever you want—or can you? To find out take The Jumpstart Coalition for Personal Financial Literacy's Reality Check Quiz at [http://www.jumpstart.org/madmoney/pgv\\_money\\_rc\\_main.html](http://www.jumpstart.org/madmoney/pgv_money_rc_main.html)

The quiz asks questions like:

- Transportation (includes insurance, gas, maintenance, registration, car payment): New car? Used car? Motorcycle? Public transportation?
- What you like to do: Cable? Movies? CD's? Computer game rental(s)? Sports events? Concerts? Clubs? Lessons?

Fill in your answers, click the submit button and get your Reality Check. Based on how you answer the quiz you will be told that you will need to make at least:

**\$\_\_\_\_\_ per hour**  
**\$\_\_\_\_\_ per week**  
**to support your lifestyle.**

Another chart will tell you what level of education you'll need to support that lifestyle:

Hourly Wage	What You Need
\$5.15 to \$9.46	Minimum Wage
\$9.47 to \$12.49	Less than a High School Diploma
\$12.50 to \$14.60	High School Graduate
\$14.61 to \$15.23	Some College, no Degree
\$15.24 to \$19.27	Associate Degree
\$19.28 to \$24.03	Bachelor's Degree
\$24.04 to \$29.99	Master's Degree
\$30.00 to \$34.94	Doctoral Degree
\$34.95 and above	Professional Degree

Go ahead. Take the Reality Check quiz. It will help you budget for how you live now—and plan for your future.

# IT'S YOUR CREDIT—WORKBOOK!



## —Resources

### ✓ out these Websites

**About.com: Financial Planning** (<http://financialplan.about.com/cs/creditdebt/a/CostCreditCards.htm>): Check out F" The High Cost of Using Credit Cards—What The Credit Card Companies Don't Want You To Know"

**The American Banking Association** ([www.aba.com](http://www.aba.com)): Check out their Get Smart About Credit Resource Kit section.

**Citi's Financial Education Curriculum** (<http://financialeducation.citigroup.com/citigroup/financialeducation/curriculum/>): This site contains lots of valuable information about managing your finances including info on how you can save up enough money to become a millionaire.

**Consumer Law Page** (<http://consumerlawpage.com/brochure/100.shtml>): Check out the information, "Using plastic—a young adults guide to credit cards."

**FDIC Consumer News** ([www.fdic.gov](http://www.fdic.gov)): FDIC Consumer News provides practical guidance on how to become a smarter, safer user of financial services. Each issue offers helpful hints, quick tips, and common-sense strategies to protect and stretch your hard-earned dollars. This site will also help you figure out how finance charges are figured.

**The Federal Trade Commission** ([www.ftc.gov](http://www.ftc.gov)): The Federal Trade Commission (FTC) is all about protecting consumers. Go to their website, click on "Consumer Protection" and then on "Credit and Loans."

**The Jumpstart Coalition for Personal Financial Literacy** ([http://www.jumpstart.org/madmoney/pgv\\_money\\_rc\\_main.html](http://www.jumpstart.org/madmoney/pgv_money_rc_main.html)): Take the Reality Check Quiz and how much you have to earn to have the lifestyle you want.

**Young Money Magazine** ([www.youngmoney.com](http://www.youngmoney.com)): Click on the "Credit and Debt" section and read their Ask YOUNG MONEY articles with titles like:

- "What is difference between a student credit card and a secured credit card?": A financial expert explains what marketers actually mean when they use the term "student credit card."
- "Can credit counseling hurt my credit rating?": A financial expert debunks some common misconceptions regarding credit counseling.
- "Does canceling my credit card look bad on my credit report?": A credit expert explains why canceling your credit card may not be such a good idea.

### ✓ out these Books

**Complete Idiot's Guide to Money for Teens** by Susan Shelley: Teens are targeted as consumers more and more. This gives them tremendous influence, but it also sets them up to be taken advantage of. "The Complete Idiot's Guide to Money for Teens" teaches them how to get money, save and invest it, budget it, spend it wisely, and keep track of it. Whether they're saving for their first car, trying to make sense of a checking account statement, or trying to establish a good credit history, this guide has solid information and teen-tested tips.

**Growing Money: A Complete Investing Guide for Kids** by Gail Karlitz: This newly updated edition of Growing Money answers every question a budding investor might ask: How do you read stock pages? What's the difference between stocks and bonds? Why do stocks go up and down? How can I keep track of investments? Can kids invest?

**Money Matters Workbook for College Students** by Larry Burkett: Leading Christian financial expert, Larry Burkett has written this financial survival guide to help you understand the money side of your college plans. You'll find guidelines on: managing your finances; how to balance your checkbook; how to use (or misuse) credit cards; how to obtain colleges scholarships and loans. Money Management for College Students also includes information on choosing a major, choosing a college, and pursuing the career of your choice. Going to college can be one of the most exhilarating experiences in your lifetime. Don't let the heavy load of financial burdens knock you down.

**Money Matters Workbook for Teens** by Larry Burkett and Todd Temple: If you don't take control of your money, someone else will. Why learn to manage your money? Avoid being ripped off by misleading ads and salespeople. Stay out of debt. Save up for a car, college, or your own business. Give money that will make a difference in the world. Have money to do fun things with your friends. Larry Burkett and Todd Temple will show you how to take back the control of your money. You'll learn skills that will help you right now and prepare you for a successful financial future.

**Street Wise: A Guide for Teen Investors** by Janet Bamford: This well-written primer offers more real-life stories of wise (and not-so-wise) investors than other titles. Bamford begins with the basics: "Stock Market 101," provides many sidebars with definitions and attention-getting examples, and moves right into choosing stocks in which to invest.

**The Totally Awesome Money Book for Kids, Second Edition** by Adriane G. Berg and Arthur Berg Bochner: This is a book for kids who want to know what they can do with their money. There are plenty of examples throughout.



If U r going  
**2** have  
messed up credit,  
**DO IT YOURSELF**

### Need Help?

Consumer Credit Counseling Services (CCCS), a division of Money Management International (MMI): Go to [www.moneymanagement.org](http://www.moneymanagement.org) or call 1-866-889-9347

# ***What would you do with \$1000 extra dollars?***

We Were Curious. To satisfy that curiosity, we (SYAB) asked DCFS youth across the State of Illinois this question: If you had \$1,000 what would you do with it? 17 people answered.

- 10** would put all of some in a savings account or invest in CD or mutual fund.
- 3** would help someone—either a relative or a child in another country.
- 4** would repair or buy a car or pay credit card bills.

What do you think about that? It tells us that young people think about getting ahead financially by spending their money sensibly. Our survey results fit with other studies that showed that not all young people blow all of their money on clothes and CDs and make-up and eating at Bennigan's or some other restaurant.

What can we learn from our survey? Young people can get some of the things they want and spend wisely and save for the future. Check out our SPECIAL CREDIT ISSUE and find out how you can be one of the wise ones.



## ***IT OUT***

## **Our Special Credit Issue**

For Youth By Youth  
c/o The Open Book Program  
435 E. 35th St.,  
Chicago, IL 60616

for **YOUTH**  
by **YOUTH**

A Newsletter  
of the SYAB  
for Youth in Care  
in the State of Illinois